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ltural Service
July 1985

Foreign Agriculture

Pacific Rim: Signs of Trade Shifting Toward Many U.S. Commodities

Marketing News

Chinese Delegation Visits National Renderers Association

The **National Renderers Association (NRA)** recently held a miniseminar on the value of rendered products in animal feeds for a team of Chinese agricultural leaders. The team was visiting the United States to study modern feed ingredients and the design and management of U.S. feed mills.

The team toured a rendering plant facility in Chicago and then visited the NRA's headquarters. There they heard about the production and export levels of U.S. feed grade animal fat, meat and bone meal, feather meal and blood meal, as well as research findings on the value of utilizing these products.

Throughout China, there exists a drive to establish a feed milling industry that will provide efficiency in quality feed production, create a more intensive livestock production sector and free agricultural labor. The team's leader, Wu Rong Xian, reported that a decision has been made to increase feed production to 50 million metric tons by 1990. The team indicated to the NRA that while there currently are only a few feed mills in China, there are plans to build 200 to 300 by the turn of the century.

MEF Appoints New Vice President for Marketing

The **U.S. Meat Export Federation (MEF)** has appointed Don Hellbusch as vice president of marketing. He previously was MEF's Latin America/Caribbean director. As the Federation's vice president of marketing, Hellbusch will direct its overseas market development strategies, oversee its foreign directors and the development of annual marketing plans, develop a five-year strategic plan, and coordinate the activities of the marketing committee. He will also continue to oversee MEF's market development activities in the Latin American/Caribbean region.

U.S. Wheat Associates Fanning Out To Promote U.S. Wheat

U.S. Wheat Associates (USW) personnel have been traveling the globe in recent months to promote U.S. wheat. Among the recent activities were the following: USW Singapore noodle consultant Loo Kai Soon provided technical assistance to the noodle industry in metro Manila and Hondagua and Bico provinces in the Philippines.

USW New Delhi baking technician S.C. Dubey traveled to Kanpur, India, to participate in a seminar on modernization of India's baking industry, organized by the Small Industries Services Institute, a department of the Indian government.

As a followup to initial discussions between the 1984 USW and Costa Rican Food Industry Commission, USW Mexico vice president Don Schultz returned to Costa Rica to discuss a proposed wheat products promotion campaign to increase the consumption of wheat products in that country.

USW Mexico assistant director Mitch Skalicky recently accompanied a delegation of baking executives from Mexico, El Salvador, Costa Rica and Panama to the SENA baking school in Bogota, Colombia, where they also met with leading executives in the milling and baking industries. At SENA, the team met with the school's instructors and reviewed the curriculum and design of the school, as well as observed classroom activities. The 25-year-old SENA school is part of the government's hotel and technical training complex. Over the years, it has received considerable technical assistance from USW and has graduated more than 3,000 bakers. It now serves as a model for the entire Latin American region.

Skalicky said he expected that the new baking schools recently established in Mexico and Central America would benefit from past Colombian experiences, and in turn, could become models on which to build future training facilities.

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Features

Departments

Pacific Rim: Now No. 1 Export Market and Still Growing

This month's **Foreign Agriculture** looks at the Pacific Rim in terms of major U.S. commodities exported to that region. This month's and last month's special section on the Pacific Rim was compiled and written by the following members of the Trade and Economic Information Division, FAS: Robert Tetro, Julie Kaston, Ron Roberson, Dave Pendlum and Debra Fuller. The telephone number is (202) 382-8124.

Emerging in recent years as one of the world's largest trading blocs and the No. 1 regional outlet for U.S. agricultural products, the collective Pacific Rim market now accounts for about 17 percent of global farm trade.

The dozen individual import markets that comprise the Pacific Rim purchased about $38 billion worth of agricultural goods in calendar 1983, the latest data available for worldwide comparisons. While a good portion of these purchases came from within the Rim itself, some 37 percent arrived from the United States, the largest single agricultural supplier to the Pacific Rim.

Characterized by considerable economic diversity and by varying but strong potentials for sustained economic growth (see June 1985 *Foreign Agriculture*), the Pacific Rim countries have enjoyed a more robust economic performance in recent years than any other geographic region.

Pacific Rim's Farm Purchases Reach $38 Billion

The Pacific Rim agricultural purchases consisted of $22 billion in bulk products and another $16 billion in value-added products.

While the U.S. market share is dominant in the bulk product area (almost 50 percent in 1983), the United States accounts for only 21 percent of the Pacific Rim's purchases of value-added agricultural products.

More than 60 percent of these products originate within the Pacific Rim markets, with the principal producers being China, Australia, New Zealand and Thailand.

The list of other significant outside suppliers of agricultural products to the Pacific Rim is led by Canada and the European Community (EC), and includes Argentina, Brazil, South Africa and Pakistan. The Soviet Union, Turkey and India and a handful of Latin American and African countries provide the Pacific Rim with substantial quantities of cotton, tobacco, coffee and fishmeal.

Three Commodity Groups Dominate

Among the five major commodity groups (see graphs, pages 8-9), bulk grain and feed products ($9.6 billion), cotton and tobacco ($3.8 billion), and the two categories of horticultural products ($11.1 billion) dominate the Pacific Rim's annual agricultural requirements. Together these three product groups account for almost two-thirds of the region's agricultural needs.

This trade picture primarily reflects the region's purchases of corn, unmilled wheat, raw cotton, unmanufactured tobacco, raw and refined sugar, green roasted coffee, bananas, a variety of citrus fruits, cocoa beans, natural rubber, fresh and preserved vegetables, cloves and fresh or dry edible nuts.

U.S. Holds Top Position In Three Product Categories

For bulk-type products, U.S. dominance is most pronounced in the region's imports of grains and feeds, oilseeds and products, and cotton and tobacco—in that order. Most of the Pacific Rim's requirements in these product groups are provided by imports of U.S. corn, unmilled wheat, soybeans and long-staple raw cotton.

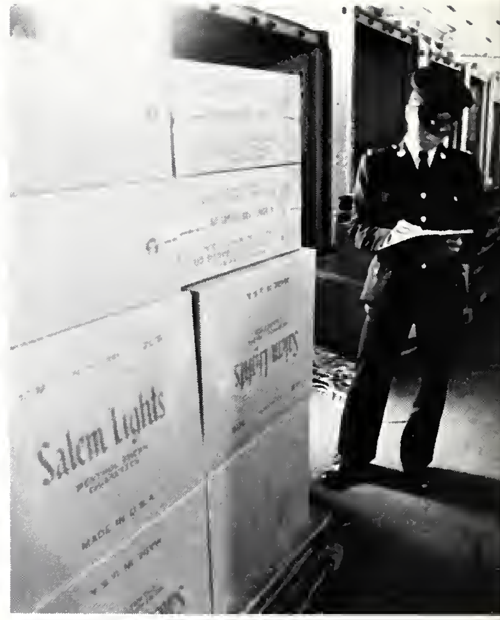
Pacific Rim producers provide most of the bulk products not dominated by the United States—horticulture and dairy, livestock and poultry.

However, significant volumes of some commodities from the latter two groups come from African, Pacific Island and Central American origins. The major items on this list are raw sugar, natural rubber, green roasted coffee, cloves, cocoa, wool, fine hair and tea.

U.S. Dominates in Only One Value-Added Category

For value-added products, U.S. dominance is limited to tobacco—a reflection of the region's heavy imports of cigarettes, cigars and cheroots.

In the other product sectors, the U.S. market share is less evident because of the Pacific Rim's diversified import sources for value-added products.



Some significant value-added imports and sources of supply are:

• Soybean meal from Brazil, China and Argentina and peanut meal from India;

• Fresh vegetables from Korea, Thailand, India, Taiwan and China;

• Fishmeals from Peru, Argentina, New Zealand, Thailand and Chile;

• Cheese from New Zealand, Denmark, the Netherlands and West Germany;

• Fresh or frozen beef from Australia, New Zealand, China and Brazil;

• Swine from China and fresh, chilled or frozen pork from China, Canada, Taiwan, Denmark and Sweden;

• Poultry from Thailand and China; and

• Palm oil from Malaysia and milled rice from Thailand.

In addition to this wide range of agricultural products, the United States also faces stiff competition for many other value-added products. Some major ones include macaroni, spaghetti and related products (China), breakfast foods (Thailand), soybean oil (Brazil, the Netherlands, Malaysia, Portugal), apples (Australia, New Zealand), pears and quinces (China, Japan, Australia) and wines (France, West Germany).

Pacific Rim Markets Record Fast-Growing Import Gains

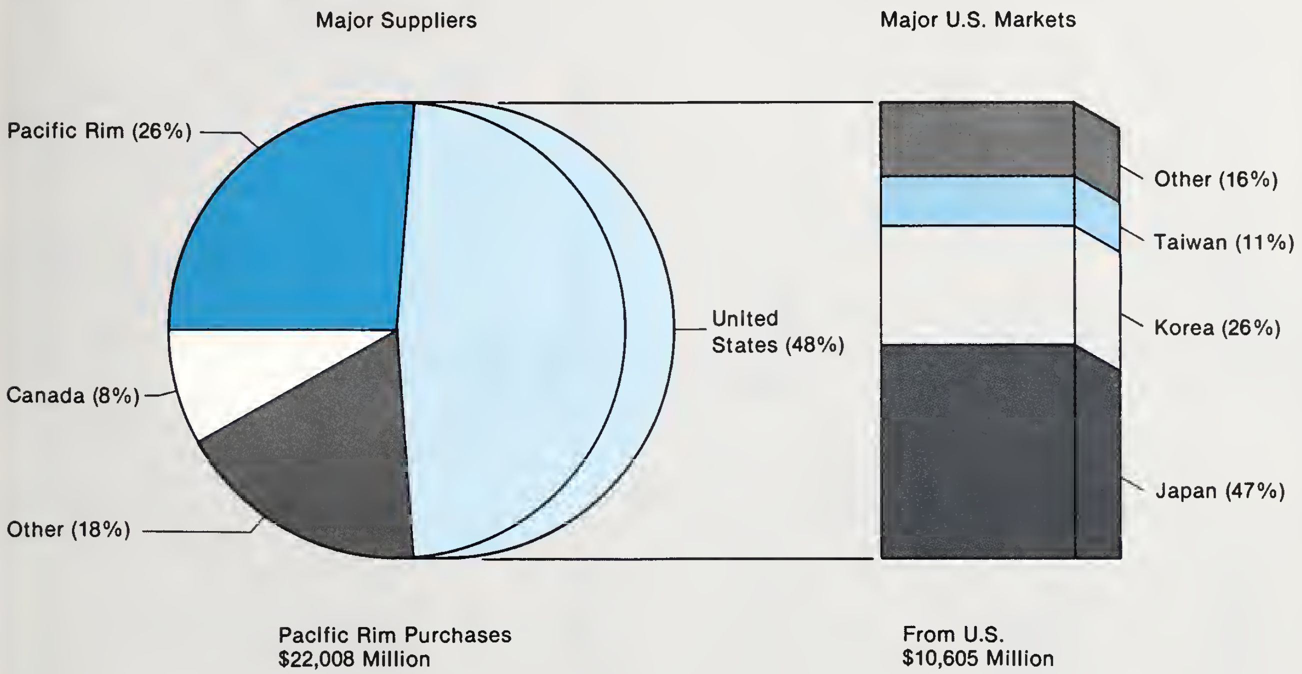
The Pacific Rim's imports of all agricultural products grew at compound annual rates ranging from 7 to 9 percent during 1977-83. The growth rate for value-added products was slightly ahead of that for bulk products.

During the 1977-83 period, U.S. agricultural export data reveal the *biggest gains* in U.S. shipments to the Pacific Rim occurring in bulk sales of grains and feeds; horticultural products; cotton and tobacco; and oilseeds.

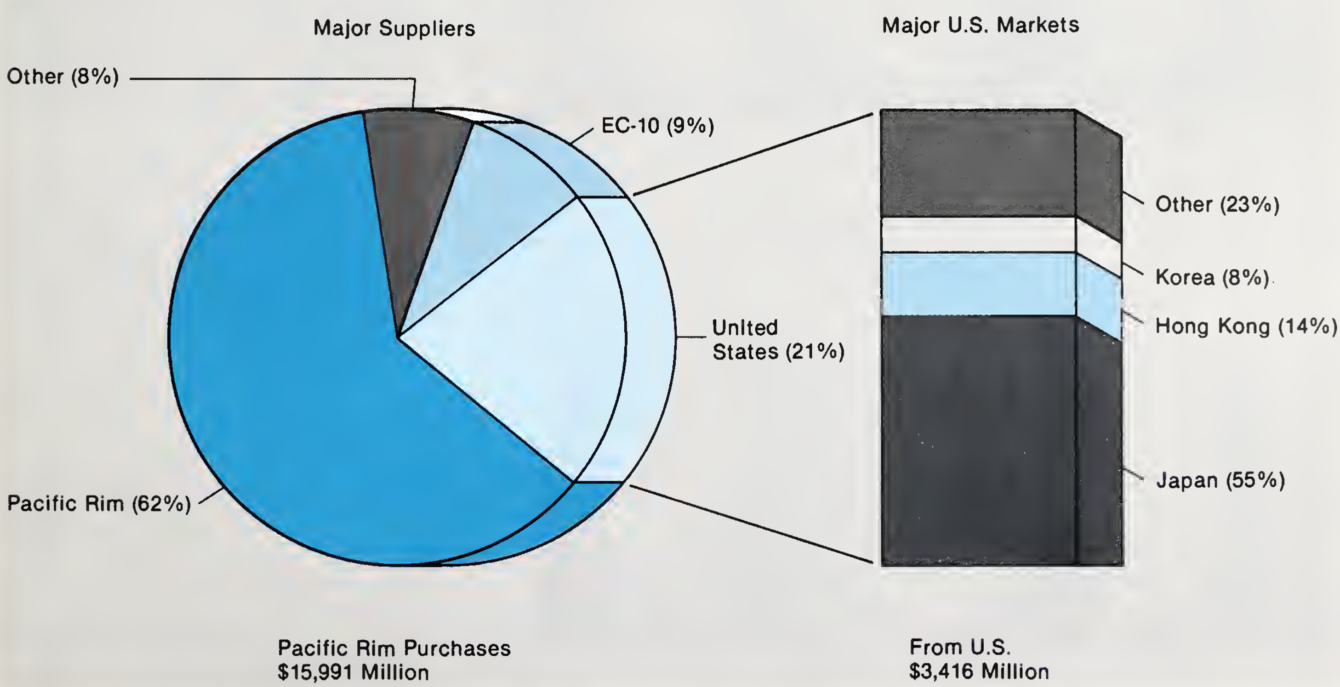
Pacific Rim's Agricultural Imports

(CY 1983)

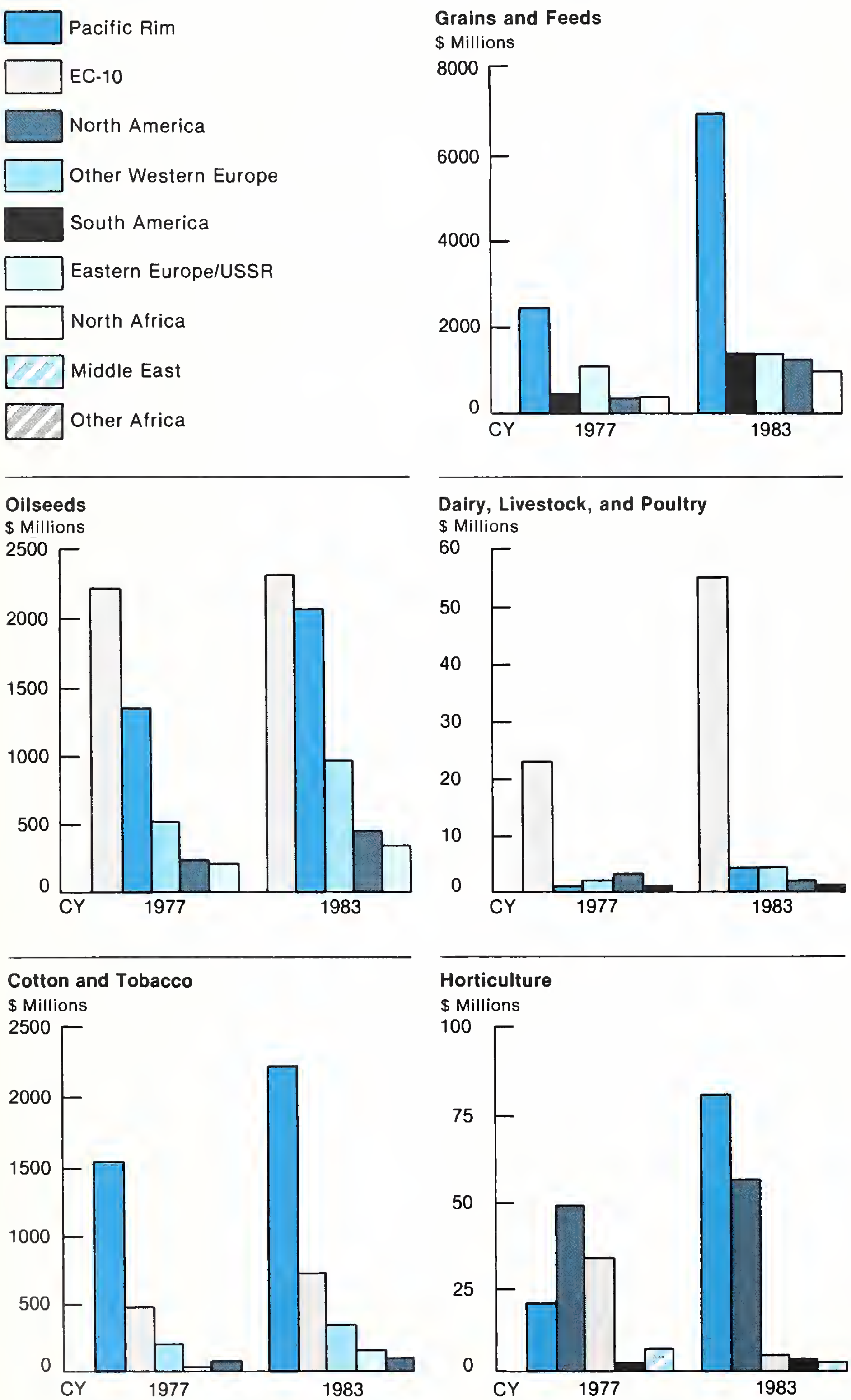
Bulk Products: U.S. Has Almost One-Half Share



Value-Added Products: 62 Percent From Pacific Group, 21 Percent From U.S.



U.S. Bulk Exports to Pacific Rim: Big Gains In Four of Five Commodity Groups



In the value-added sector, the same situation is true for horticulture; cotton and tobacco; and dairy, livestock and poultry.

Important U.S. Commodity Exports to Pacific Rim

Commodities that are important to U.S. exporters generally fall into two areas—those that already are dominant or those that belong to the fastest growing import categories.

Such commodities include unmilled wheat, corn, medium-grain rice, barley, alfalfa meal, sunflower seeds, soy isolates, crude soybean oil, sunflowerseed oil, and stemmed burley filler leaf. Also included are fresh oranges, frozen french fried potatoes, canned corn, almonds, raisins, sweet frozen corn, prunes, orange juice concentrate, bulls for breeding, swine, beef carcasses, dried whey, chicken parts and inedible meat meal.

Importance of Pacific Rim Continues To Stand Out

Regional comparisons of U.S. export trends underscore the growing importance of the Pacific Rim to U.S. farmers, processors and exporters.

The Pacific area is clearly ahead of all other regions in all commodity groups, except for U.S. exports of dairy, livestock and poultry products and those of the oilseeds sector.

The EC's market share of U.S. exports remains paramount in these two categories. However, increased U.S. exports of oilseed and products to the Pacific Rim are closing the gap in this commodity category.

U.S. Value-Added Exports: There Are Some Gains

Regional comparisons of U.S. exports in the value-added area show a significant growth trend and dominance by Pacific Rim markets mainly in the dairy, livestock and poultry group. This stems mostly from Japan's imports of beef carcasses and pork (primal cuts) and U.S. chicken imports by Japan, Hong Kong and Singapore.

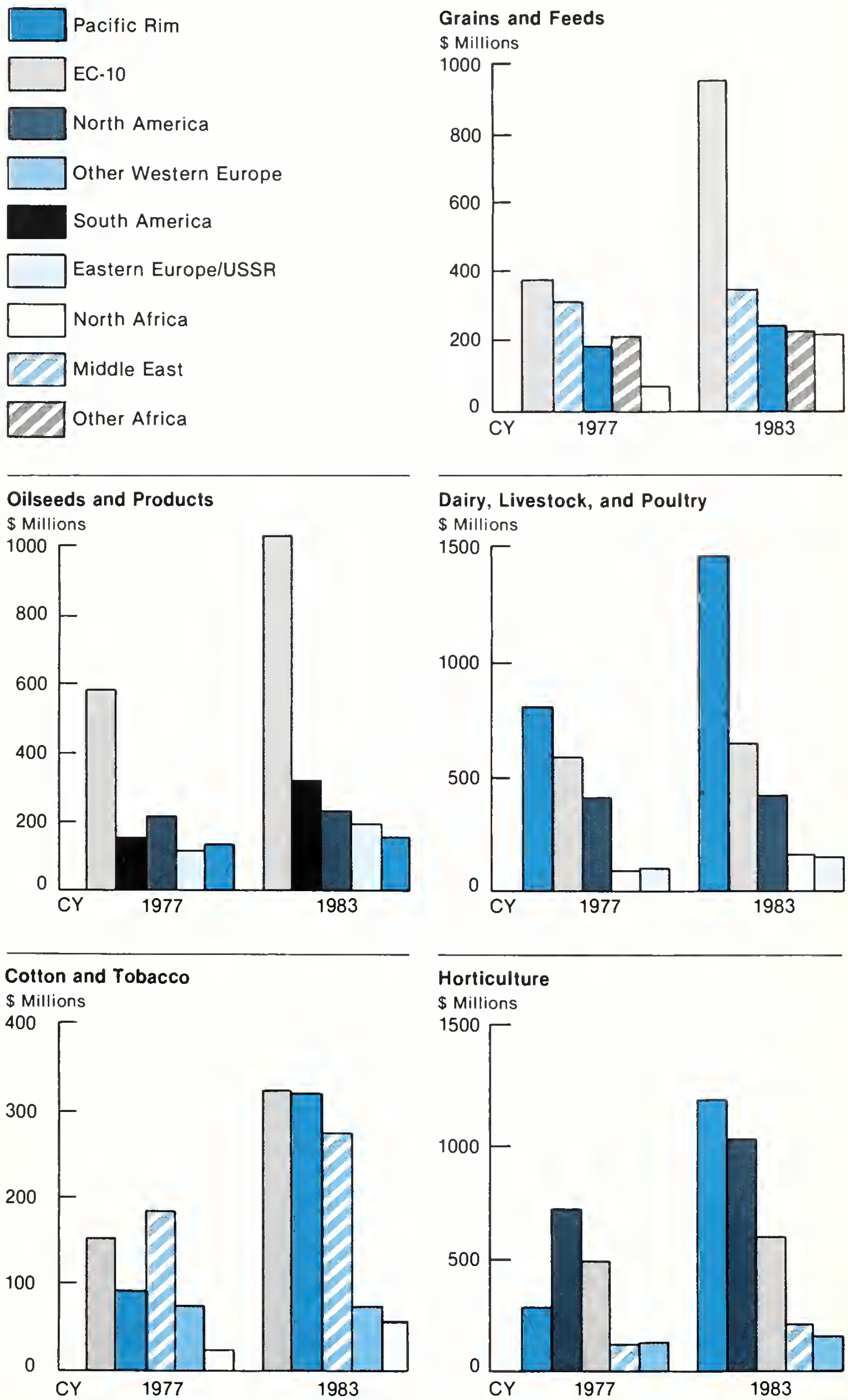
However, the Pacific Rim is clearly contesting the dominant status traditionally held by the EC, Canada and the Middle East in the purchases of cotton and tobacco and horticultural products.

It is evident that the competition for the Pacific Rim's agricultural markets will become much more intense in the next decade.

But the region's growing demand for a wide variety of agricultural products should be fueled by increased economic growth, a rise in real incomes, changes in income distribution, and population growth as well as evolving taste preferences not met by domestic supplies and processing capabilities.

The Pacific Rim has already proved its merit as a prime sales target of U.S. agricultural exporters. It is expected to loom even larger in the future. ■

U.S. Value-Added Exports to Pacific Rim: Strong Showing for Dairy, Livestock & Poultry; Horticulture; and Cotton and Tobacco



Grains and Feeds: U.S. Supplies Most Bulk Grain Needs

Grain and feed products generally account for just under a third of the value of the Pacific Rim total agricultural purchases.

In 1983, these purchases totaled $11.6 billion, up more than 80 percent from 1977, reflecting an annual growth average of about 11 percent. Almost 85 percent of these requirements were in the bulk product category. These products amounted to $9.6 billion in 1983, averaging an annual growth rate of 13 percent since 1977.

U.S. Provides Most Of Bulk Grain Requirements

The United States has been providing about 72 percent of these bulk grain requirements, which consist principally of unmilled wheat, corn, sorghum, pulses (dry leguminous vegetables) and barley.

Competition within the region varies from commodity and market. For example, Australia is the principal competitor in most of the region's wheat markets except Japan, where Canada's role is more pronounced. Competition from the European Community is a more recent phenomenon, focused primarily in China and Indonesia.

Pacific Rim markets (particularly Japan) depend on the United States for most of their corn inports. But other historically significant competitors include Thailand (especially in Hong Kong, Indonesia, Malaysia and Singapore), South Africa (in Japan), Argentina and Mozambique.

Recent competition for the region's feed grain markets has been affected by the emergence of China as a significant corn exporter. Drought has turned South Africa into a net importer during the past two years. Finally, weather-damaged Australian wheat has displaced U.S. corn, primarily in Korea.

Australia and Canada have been the primary sources of competition in the region's barley markets (Japan, Taiwan, Singapore and China). Demand for imported pulses is concentrated in Australia, Hong Kong, Malaysia, Taiwan and Singapore with Thailand and China the primary suppliers.

The Pacific Rim's purchases of value-added grain and feed products totaled $1.9 billion in 1983, up almost 22 percent from total value in 1977, but down almost 11 percent from the peak of $2.2 billion in 1980.

While milled rice accounts for the majority of value-added gains and feeds, other products that make up much of the balance include malt (including flour); starch, inulin and gluten; macaroni, spaghetti and similar products; feed products and prepared breakfast foods.

Intra-Pacific Rim Trade Rising

The Pacific Rim is supplying an increasing amount of its own value-added grain and feed products (57 percent in 1983). Items in this category include milled rice from Thailand; macaroni and spaghetti from China, Taiwan, Thailand and Japan, and other starch products from New Zealand, Japan and Thailand.

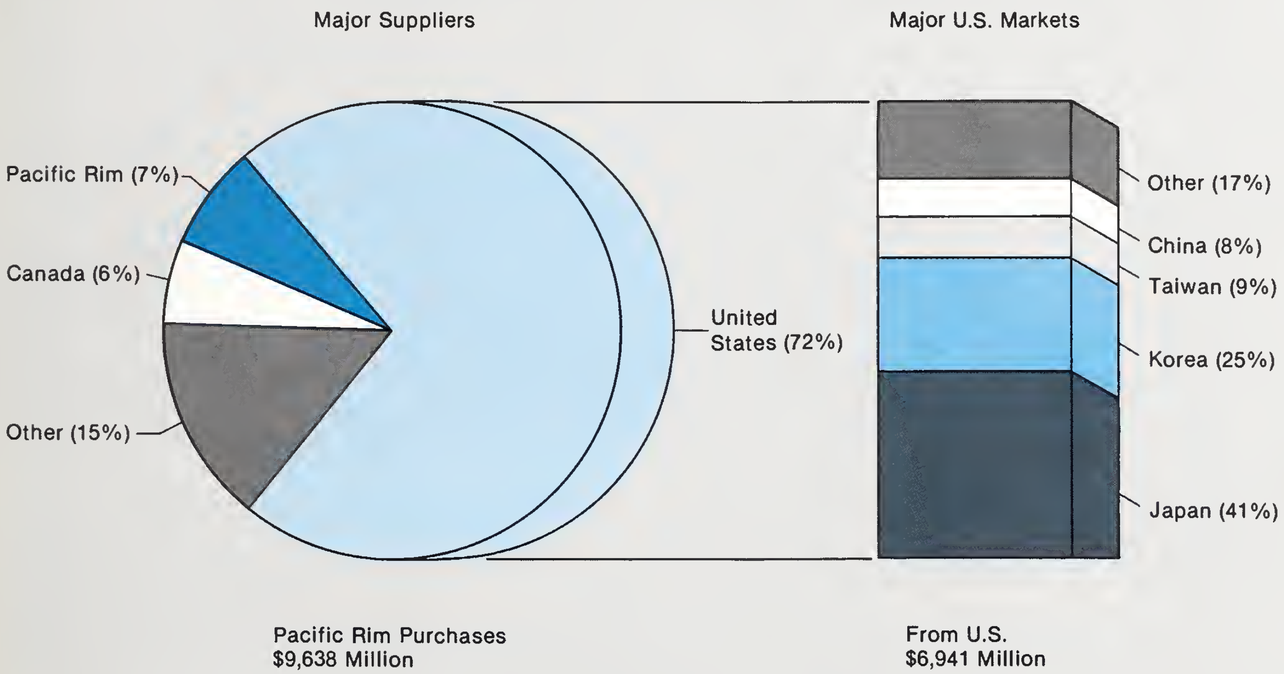
Important value-added product groups not dominated by either the United States or the Pacific Rim itself include bran, breakfast foods, food waste and feeds, bread, biscuits and cakes. While Canada and India are among the region's more important bran suppliers, Thailand is the source for the bulk of the region's imported prepared breakfast foods.

Denmark, the United Kingdom, Malaysia and Japan provide much of the region's supply of bread, biscuits and cake products. Feed product imports come primarily from Chile and China. ■

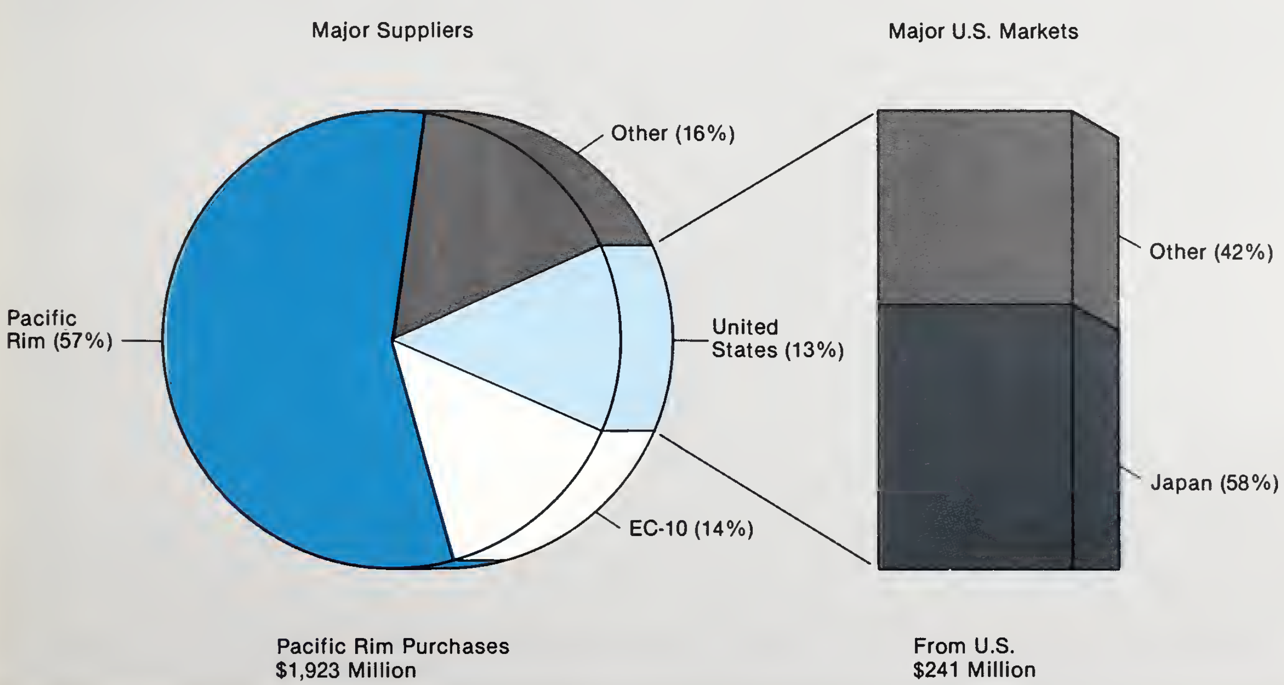
Grains and Feeds

(CY 1983)

Bulk Products: U.S. Has Lion's Share



Value-Added Products: EC Holds Slight Edge on U.S.



Oilseeds: U.S. Domination Limited to Bulk Sales Only

The Pacific Rim markets have recently been purchasing oilseeds and oilseed products valued at between $4 billion and $4.5 billion per year, or about 12 percent of the region's total agricultural requirements.

Annual average import growth for this product group between 1977 and 1983 stood at about 6 percent—the lowest of all the five major product groups except for cotton and tobacco. The growth rate for oilseed and products was also below the annual average gain of about 8 percent for all agricultural purchases by the Pacific Rim.

'Slow Growth' Trend Masks Some Notable Gains

Unlike trends associated with other major commodity groups, the aggregate growth rates in both oilseed categories reflect no significant variation. However, these patterns mask some noteworthy growth taking place within individual markets.

The Pacific Rim's bulk oilseed purchases have recently ranged from $2.7 billion to $3 billion, or about two-thirds the value of all oilseed and products requirements. The U.S. share of between 65 and 70 percent in this market results largely from high-volume soybean sales to Japan, Taiwan, China and Korea.

While the region's demand for soybeans accounts for most of the oilseed and products market, other major commodities include peanuts, copra meal, rapeseed and palm kernel nuts. Canada dominates the Pacific Rim's rapeseed markets, with most of the Canadian exports going to Japan.

Copra meal supplies come primarily from Malaysia and most peanut imports originate in China, Vietman and Thailand. In contrast to the relative slow growth in soybean imports by Japan and Indonesia, rapid gains have been recorded for imports of peanuts by Singapore and Hong Kong, soybeans by Korea, Malaysia and the Philippines, and rapeseed by Hong Kong.

Brazil, U.S. Top Suppliers Of Value-Added Products

The Pacific Rim's purchases of value-added oilseed products, ranging from $1.3 billion to $1.6 billion annually, have mostly been filled by Brazil, the United States and the Pacific region itself. Products accounting for the overwhelming bulk of this trade are soybean meal, meat and fishmeals, palm oil and fatty acids.

U.S. competition in the region's value-added oilseed markets has traditionally been limited to the soybean complex, where recent imports of soybean meal and oil from Brazil and China have cut into the U.S. market share. This accounts for the relative stagnation in the overall U.S. share of around 12 percent.

Despite the flat or negative import rates for soybean purchases by Japan, Singapore and Malaysia, noteworthy increases have occurred in Korea, the Philippines, Indonesia and Thailand.

Stiff Competition Exists For Many Oilseed Products

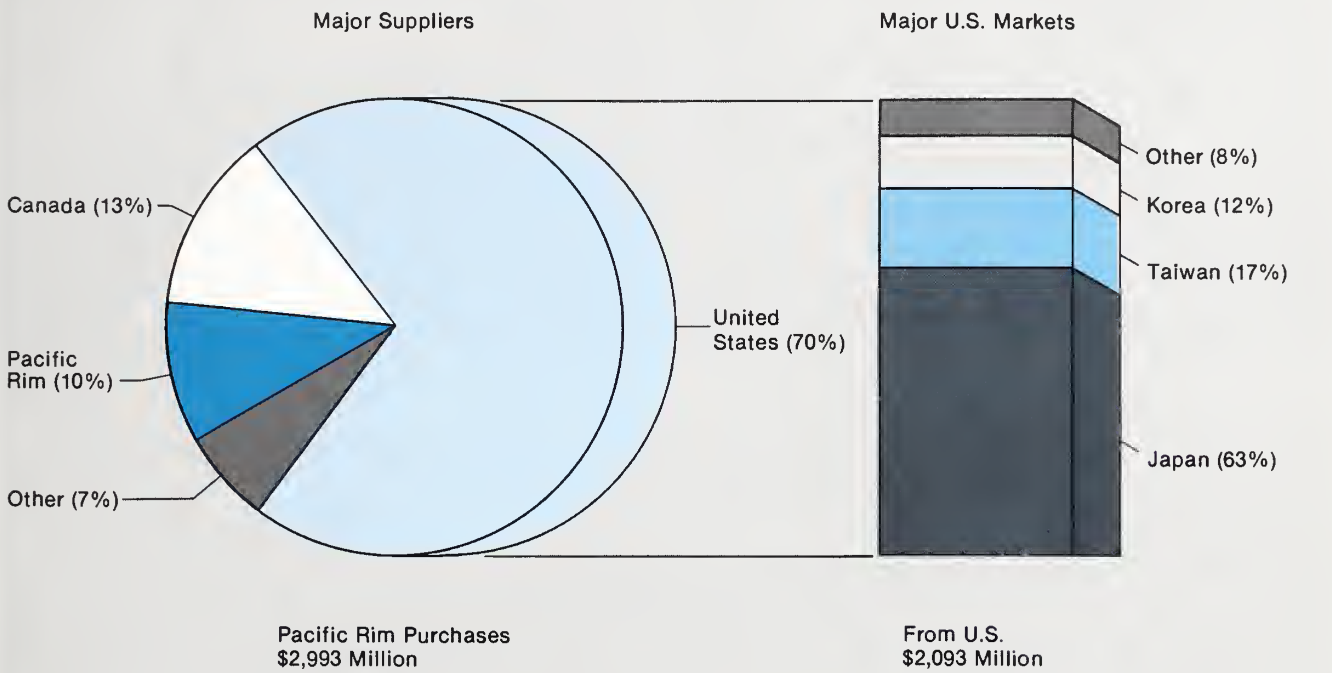
Japan, Korea and Singapore are the largest markets for palm oil, but only the Korean imports have been following a steady uninterrupted growth pattern.

Other leading value-added oilseed markets in the Pacific Rim reflect regional demand for meat and fishmeals from Thailand, Chile, Australia, New Zealand and Peru and fatty acids from Malaysia as well as margarine from New Zealand and Belgium-Luxembourg, peanut oil from South Africa and China, and rape and mustard oils from West Germany, Canada and China. ■

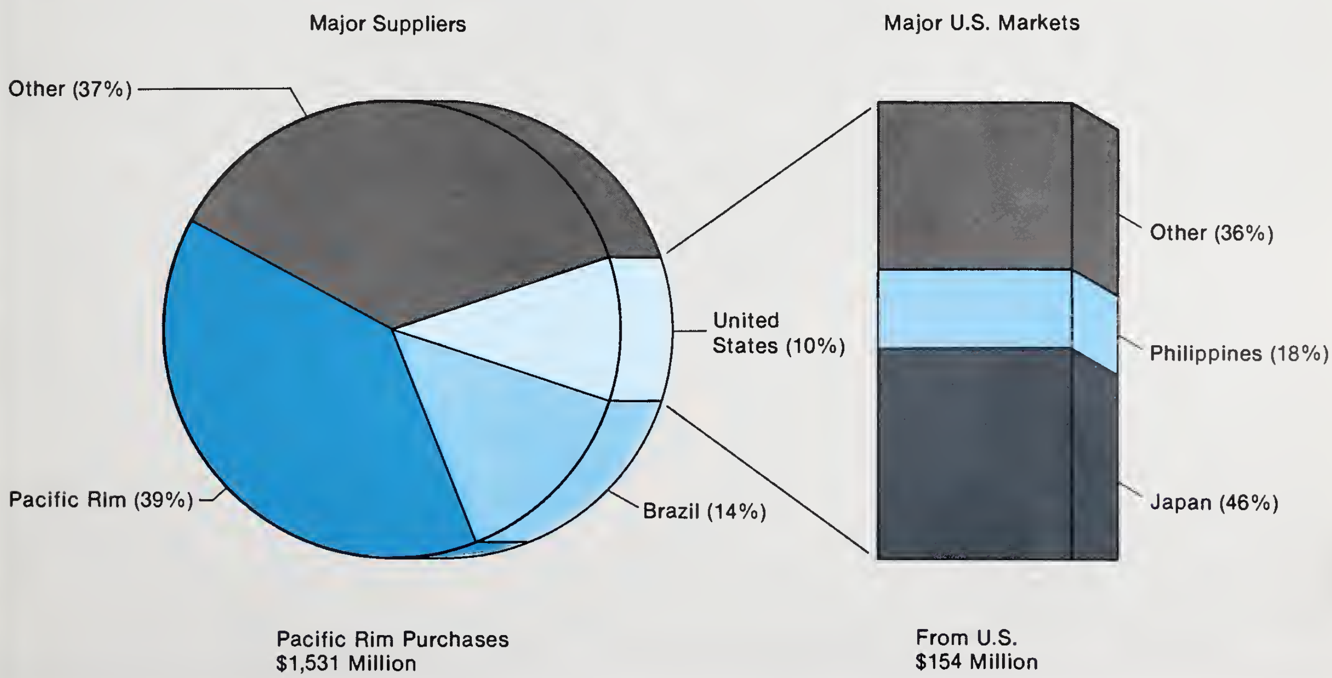
Oilseeds

(CY 1983)

Bulk Products: U.S. Garners 70-Percent Share



Value-Added Products: Brazil Outpaces U.S.



Growth in Cigarette Sales Jumps; Demand for Raw Cotton Slows

The combined purchases of cotton and tobacco by Pacific Rim markets ranged between $3.6 billion and $6.2 billion yearly during the 1977-83 period. Annual average growth of about 4 percent was the lowest of any major commodity category—a fact that obscures appreciable gains in the value-added sector of this trade.

During 1977-83, the Pacific region's demand for cigarettes almost quadrupled, but raw cotton sales increased very little, from $2.5 billion to $2.7 billion.

During the 1970s, cotton and tobacco accounted for about 16 percent of the value of the Pacific Rim's annual agricultural requirements. However, this share dropped to around 12 percent after 1982 when China began cutting back on purchases of raw cotton. By 1983, China was considered a major competitor for the region's raw cotton markets.

Raw cotton and unmanufactured tobacco account for about 90 percent of all sales in the commodity group. Value-added products, such as cigarettes, cigars and raw silk, make up most of the remaining share.

Japan Is Leading Tobacco Market

Japan is the region's largest market for unmanufactured tobacco—taking about half of the annual sales of $800-$900 million. Although smaller markets, such as Hong Kong, Korea and Australia, are recording higher average annual growth rates, the Japanese market continues to be the driving force behind the Pacific Rim's demand for unmanufactured tobacco imports.

The United States traditionally has been the principal supplier to Japan, Korea, Malaysia, the Philippines and Taiwan.

Although Turkey has been the major supplier of oriental tobaccos to Japan and Korea, China is emerging as a competitor in Japan as well as in Singapore, Indonesia and Hong Kong. Other competitors in the region include Malawi, South Africa, Greece, Thailand and Mexico.

The United States has dominated Pacific Rim cigarette markets, with the main competition coming from the United Kingdom. Overall demand for imported cigarettes has been climbing at an annual average of about 20 percent, growing from $118 million to $414 million between 1977 and 1983.

Hong Kong, Japan and Singapore are the region's largest cigarette importers, with a market share in 1983 of about 75 percent. Annual average growth has ranged from 16 percent (Hong Kong) to 30 percent (Singapore).

China's cigarette purchases have gone from virtually nothing in 1977 to about $27 million in 1983. Most of the cigarettes are transshipped through Hong Kong.

The Pacific Rim's cigar imports total nearly $12 million, with average annual growth rates of about 3 percent. Australia accounts for about half of this trade, although Hong Kong, Singapore, Japan, New Zealand and Taiwan are sizable markets.

U.S. dominance in the region's cigar market is limited to Japan. Elsewhere, the Netherlands is the leading supplier. Other suppliers in some markets include Cuba, Switzerland, Canada, the United Kingdom and Cyprus.

Korea and Japan Head List Of U.S. Raw Cotton Buyers

Although the Philippines, Taiwan, Indonesia, Hong Kong and Malaysia buy U.S. cotton, the major U.S. markets within the Pacific Rim traditionally have been Korea and Japan.

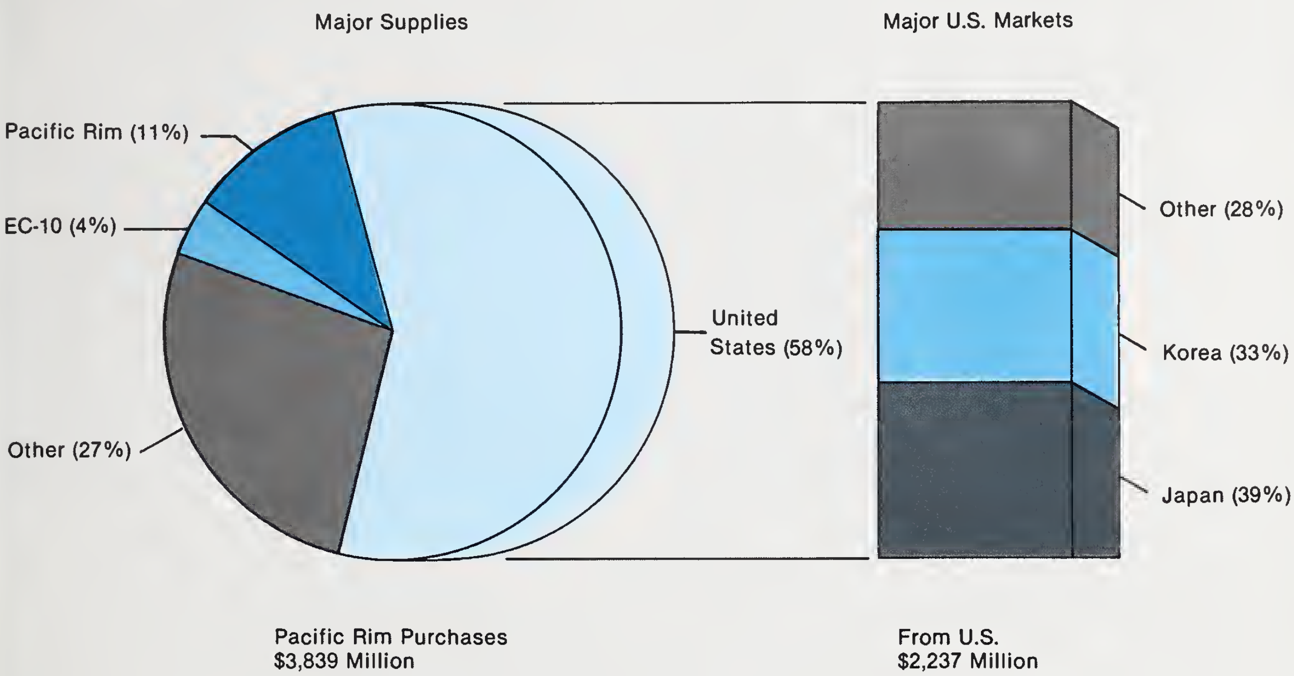
Attractive financing, quality, price and spinning characteristics influence the buying patterns in these markets. However, future demand for U.S. cotton will be affected by declines in mill use, resulting from increased industry wages, and competition from textiles in countries whose currencies are pegged to the U.S. dollar.

Recent attempts by many industrial countries to restrict textile imports, and increased cotton supplies in China and Australia also will affect the region's demand for U.S. cotton. ■

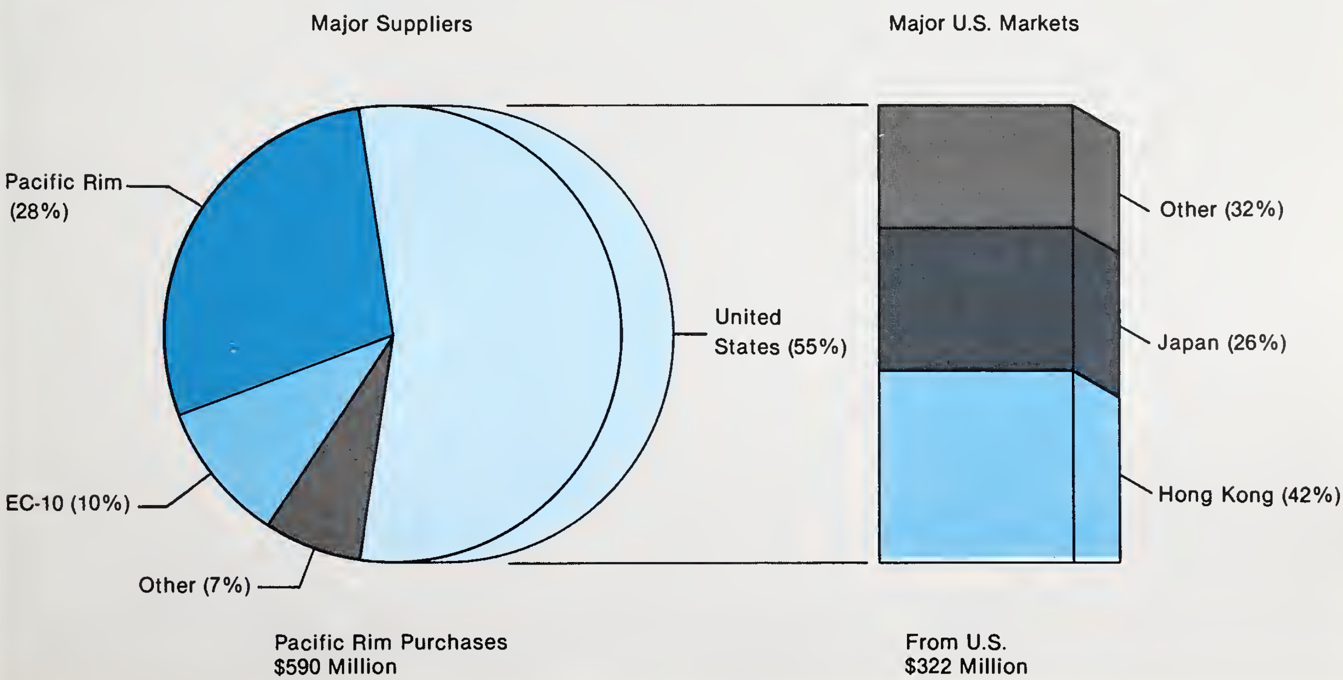
Cotton and Tobacco

(CY 1983)

Bulk Products: More Than 50 Percent of Market Goes to U.S.



Value-Added Products: U.S. Exceeds All Other Suppliers Combined



Horticulture: Demand Growing For Value-Added Products

Pacific Rim horticultural and tropical product purchases climbed from about $7.2 billion in 1977 to roughly $11.1 billion in 1983. About $1.3 billion of that—mostly for value-added products—came from the United States.

During the past few years, value-added products have taken on greater importance, climbing steadily to $6.2 billion in 1983. Growth in this sector averaged almost 12 percent a year, outpacing all other value-added commodity sectors. Although Japan continues to be the major buyer, other Pacific Rim markets have been steadily increasing their share of these purchases. The U.S. share of this lucrative and growing market has been relatively steady at about 20 percent.

Imports of bulk products, such as green coffee, natural rubber, raw sugar, cocoa beans, tea, cloves and spices, ranged between $3.8 billion and $6.4 billion during 1977-83. The United States is able to supply a mere 2 percent of these products.

Demand for Rubber and Sugar Drops

Recession-triggered decline in the demand for rubber and lower demand for raw sugar caused a general downtrend in bulk purchases after 1980 that reversed slightly in 1983. Sugar demand is down because of national programs for greater self-sufficiency, lower purchasing power and substitution of starch-based sweeteners for sugar.

Thailand, Malaysia and Indonesia are the region's major natural rubber suppliers; raw sugar demand is met by Thailand, Australia, Cuba, the Philippines, Taiwan and Fiji.

Coffee supplies originate from Brazil, Colombia, Indonesia, the Ivory Coast, Thailand, Indonesia, Papua New Guinea, India and a host of other Latin American and African suppliers. Clove imports from the Malagasy Republic and Tanzania reflect demand from Indonesia, which produces Kretek cigarettes containing 30 percent cloves by weight.

Diverse Products Make Up Value-Added Purchases

Much of the expanding value-added demand has been generated by the following products (with major Pacific Rim buyers in parentheses):

- Refined sugar (Indonesia);
- Lemons and grapefruit (Japan);
- Oranges and tangerines (Japan, Hong Kong, Singapore and Malaysia);
- Nuts (Japan, Hong Kong, Singapore, Taiwan and Australia);
- Frozen vegetables (Japan and Australia);
- Ginseng (Hong Kong, Japan and Singapore);
- Nonalcoholic beverages (Hong Kong, Japan, Singapore and Malaysia);
- Wines (Japan, Singapore, Hong Kong, Australia and New Zealand);
- Fresh, prepared, preserved and dried vegetables (Japan, Singapore, Hong Kong, Taiwan and Thailand); and,
- Fresh apples (Taiwan, Singapore, Hong Kong, Malaysia and Thailand).

Appetite for Many Products Growing

Other products in increasing demand include:

- Chocolate and products (Japan, Singapore, Hong Kong and Taiwan);
- Fruit and vegetable juices (Japan, Singapore, Australia and New Zealand);
- Sauces and mixed seasonings (Hong Kong, Japan, Singapore, Malaysia and Australia);
- Beer, ale and stout (Japan, New Zealand and Taiwan);
- Pears, quinces and fresh stone fruits (Singapore, Hong Kong, Malaysia, Japan and Thailand);
- Raisins (Japan, Korea, Malaysia and Taiwan);
- Essential oils (Hong Kong, the Philippines and Thailand); and
- Seeds for planting (Japan, Australia, China, Korea, the Philippines, Singapore, Malaysia and Thailand). ■

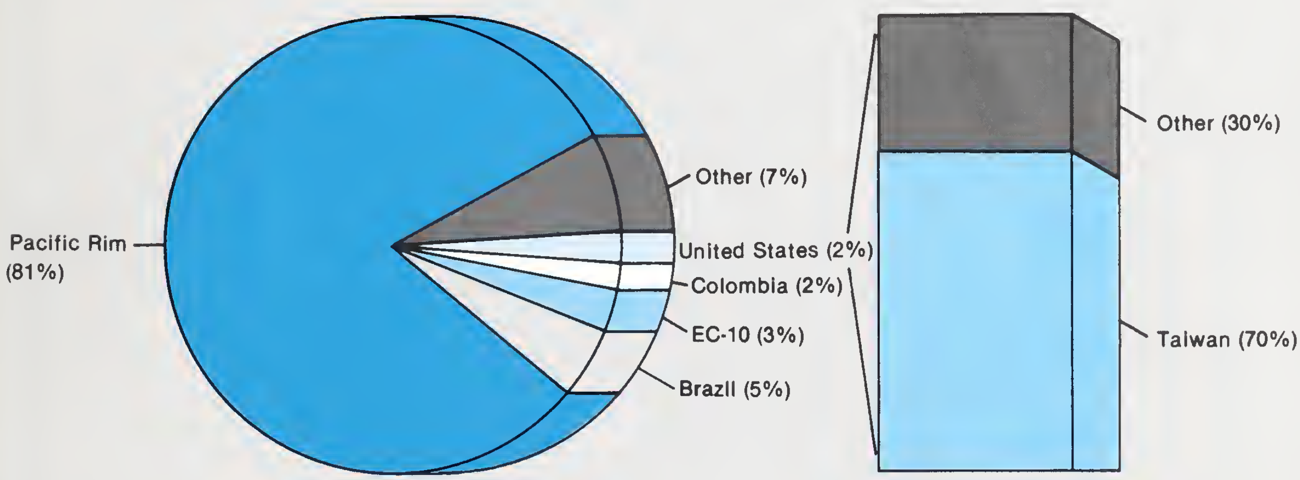
Horticulture

(CY 1983)

Bulk Products: Pacific Rim Provides Most of Its Own Needs

Major Suppliers

Major U.S. Markets



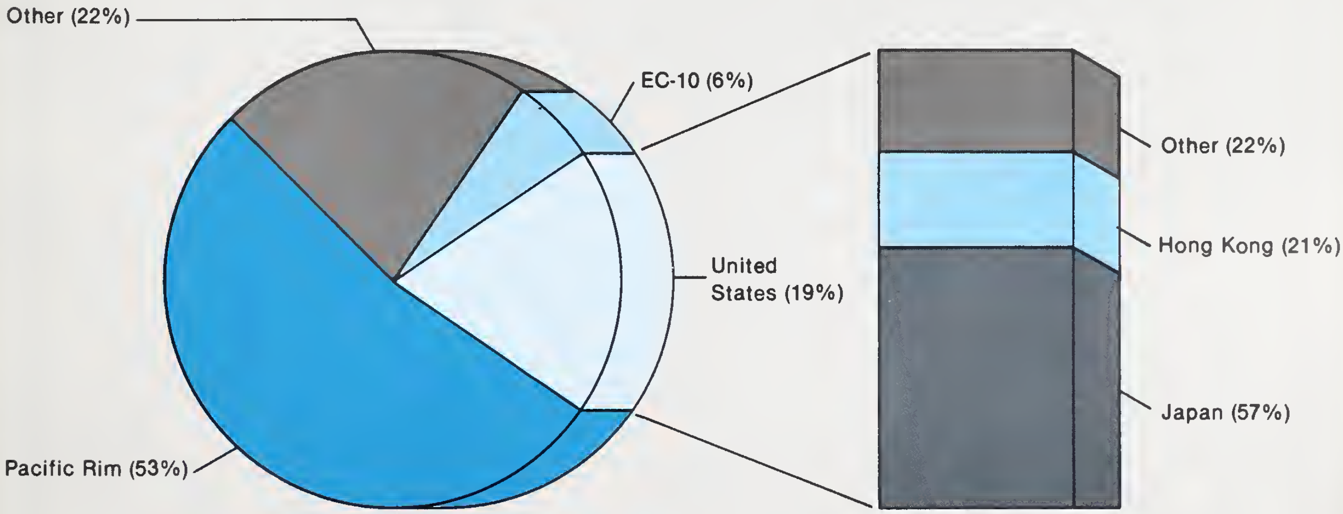
Pacific Rim Purchases
$4,938 Million

From U.S.
$81 Million

Value-Added Products: Japan, Hong Kong Are Top U.S. Markets

Major Suppliers

Major U.S. Markets



Pacific Rim Purchases
$6,192 Million

From U.S.
$1,205 Million

Dairy, Livestock and Poultry: Most Imports Are Value-Added

Purchases of dairy, livestock and poultry products by markets comprising the Pacific Rim group have climbed from about $3.8 billion in 1977 to approximately $6.3 billion in 1983.

Most of these imports consist of value-added products, which have been accounting for approximately 83 percent of this trade. The balance consists of bulk products—virtually all of which is accounted for by wool and fine hair. Demand for the latter, which has been ranging from $680 million to $1.2 billion during 1977-83, is concentrated in Japan, China, Korea and Taiwan and is supplied almost exculsively from Australia and New Zealand.

Purchases of value-added dairy, livestock and poultry products grew from about $3.1 billion in 1977 to an estimated $5.2 billion in 1983. Recent average annual growth in this sector is placed at approximately 9 percent, second only to value-added import growth in the horticultural and cotton and tobacco commodity groups.

Products constituting the largest segment of the value-added market for dairy, livestock and poultry products include fresh, chilled or frozen beef; pork and poultry; powdered milk and cream; undressed hides and skins; live swine; tallow; edible offal; and cheese and curd. Together these products accounted for approximately 75 percent of this value-added sector in 1983.

Other value-added products of importance include live beef cattle and poultry; prepared and preserved meats; furskins; butter; eggs; sausages; and evaporated or condensed milk.

Markets for fresh, chilled or frozen meats (which in 1983 were approaching $2 billion) tend to be concentrated in Japan, Hong Kong and Singapore, although both Taiwan and Korea have emerged as important markets for imported beef.

However, there is also significant demand in Malaysia for poultry and beef in New Zealand for pork; and in the Philippines and Australia for beef.

Competition for the region's beef market—which is in excess of $700 million and is concentrated in Japan, Hong Kong and Korea—primarily centers on Australia and New Zealand. However, China and Brazil have made important inroads in Hong Kong and, in fact, were the country's two largest suppliers in 1983.

China virtually dominates the market for pork in Hong Kong, which is the region's second largest pork market. However, Canada, the United States, Taiwan, Sweden and Denmark are the top suppliers to the region's principal pork importer—Japan. Based on trends since 1976, competition in the Japanese market has been most pronounced from Canada and Sweden and such smaller suppliers as Ireland, Finland and Norway. The region's demand for pork in 1983 was approaching $800 million.

Three Markets Take Most Of the Region's Poultry Imports

Japan, Hong Kong and Singapore account for more than 90 percent of the region's demand for imported poultry meat (estimated in 1983 at approximately $270 million). While the United States and China tend to dominate the poultry market in Hong Kong, increases in Japan's imports have been met primarily by supplies from Thailand and China.

Growth in the demand for powdered milk and cream (roughly $640-$670 million in 1983) ranks among the region's largest value-added markets.

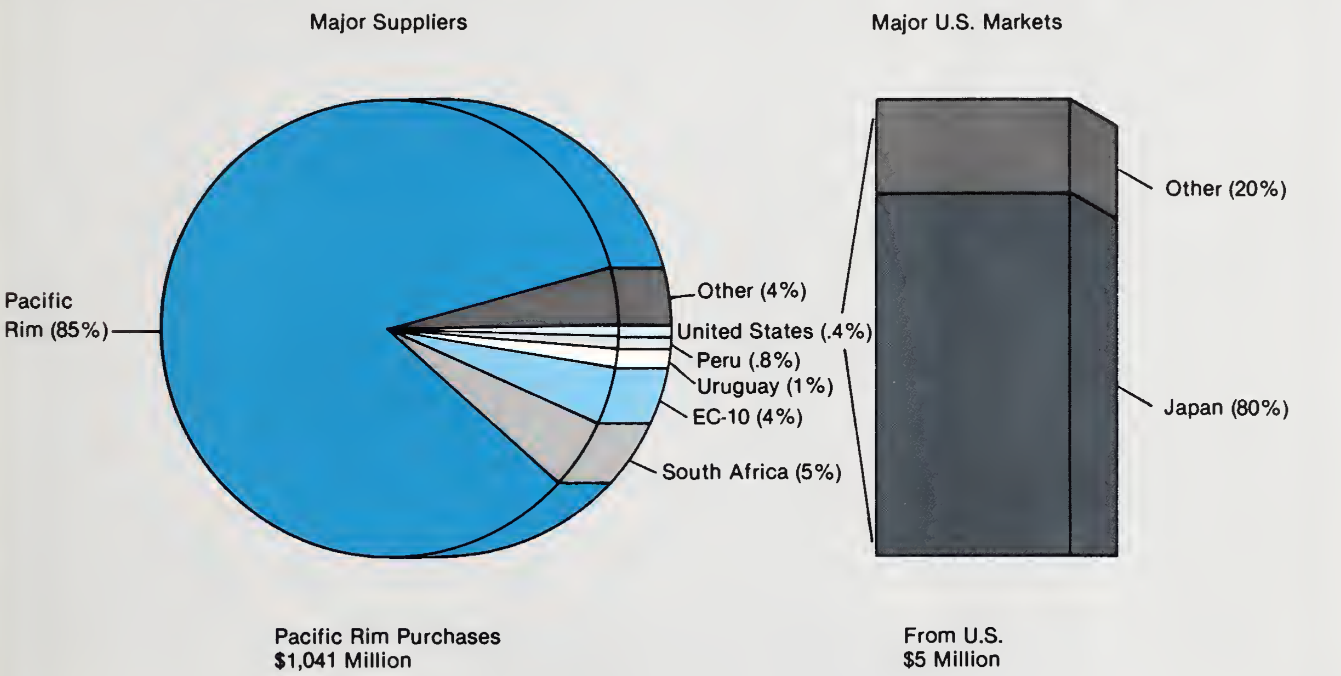
Malaysia, the Philippines and Japan are the largest markets. The principal suppliers to the Pacific markets vary by location, but include New Zealand, Australia, the United States, the Netherlands, Denmark and Ireland.

There has also been impressive growth in the demand for undressed hides and skins (roughly $700 million in 1983), largely confined to Japan, Korea and Taiwan. ■

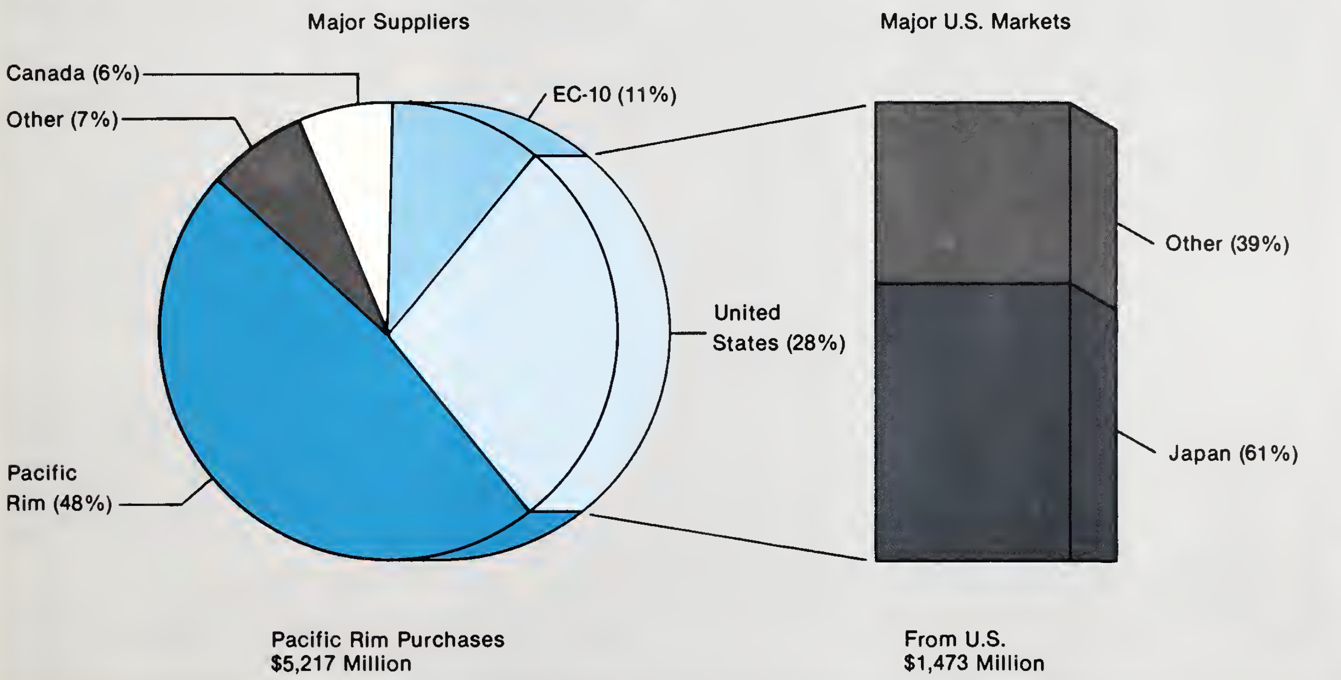
Dairy, Livestock and Poultry

(CY 1983)

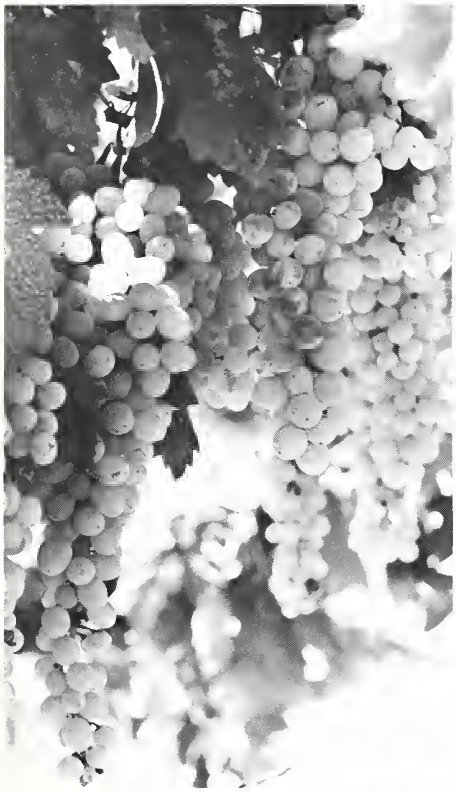
Bulk Products: Most Come From Within Pacific Rim



Value-Added Products: U.S. Gets More Than One-Fourth of Market



Tariffs Keep Thai Raisin Imports Down



By Panida Ratanapanachote

Raisins are a favorite snack food in Thailand—so much so that this Southeast Asian country imports an estimated $2 million worth of raisins annually. Most come from the United States.

The major California brands found on supermarket shelves are Cinderella, Ligo, Brook, Blondie, Sunstar and Sun-maid. Some brands imported in bulk are repacked in Thailand. Cinderella and Ligo, which command 80 and 10 percent of the Thai market, respectively, are sold in locally produced one-ounce packs, as well as in "snack packs" ranging from 200 to 310 grams and costing between 35 to 40 bahts (US$1.30 to $1.48).

Thais appear to prefer raisins packed in silver foil. They also prefer the look and taste of naturals over goldens and most bakeries respond accordingly. Naturals also have a longer shelf life, say some Thai bakers.

The strong demand for raisins as a snack food has made it difficult for Thai bakeries to obtain raisins in bulk. Faced with buying raisins in the popular 310-gram snack pack, bakeries have had to increase the prices of their goods to absorb the higher raisin cost.

Taxing Duties

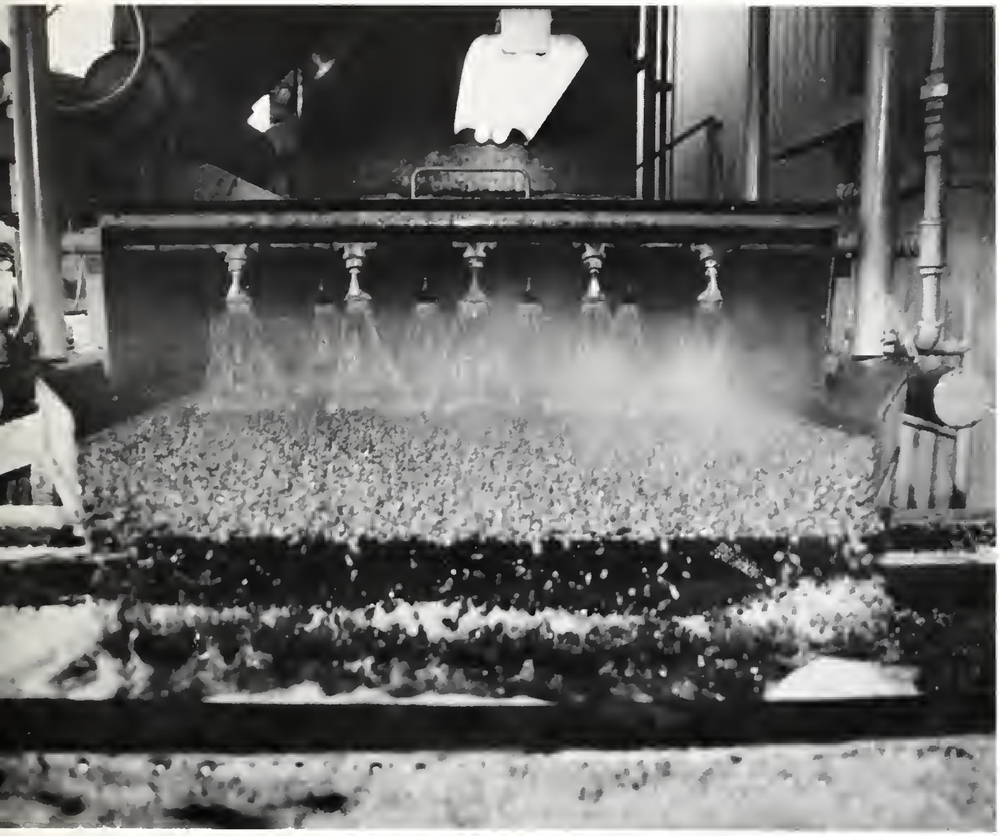
Raisin-laden baked goods are already something of a luxury because of Thailand's high import duties, which were put in place five to six years ago to protect locally grown grapes and other fruits.

Import taxes on raisins are more than double the cost/insurance/freight (c.i.f.) value of imports. The standard import duty is 60 percent of the c.i.f. price of 50 bahts (US$1.82) per kilogram, whichever is higher. In addition, a business tax of 9 percent is levied on the combined value of the landed cost, duty, and a 16-percent margin for profit.

Finally, there is a 10-percent municipal tax assessed to the value of the business tax. Thus, raisins with a current c.i.f. value of US$1.55 per kilogram are assessed duties totaling US$2.21!

The volume of legally imported raisins dropped significantly when these duties were imposed and have remained sluggish. However, official Thai statistics on raisin imports may record only 20 percent of the raisins actually entering Thailand.

There are frequent attempts to avoid government duties, and such illegally imported raisins are sold in street markets. Buyers are usually the smaller bakeries, which cannot afford the more expensive, legally imported raisins.



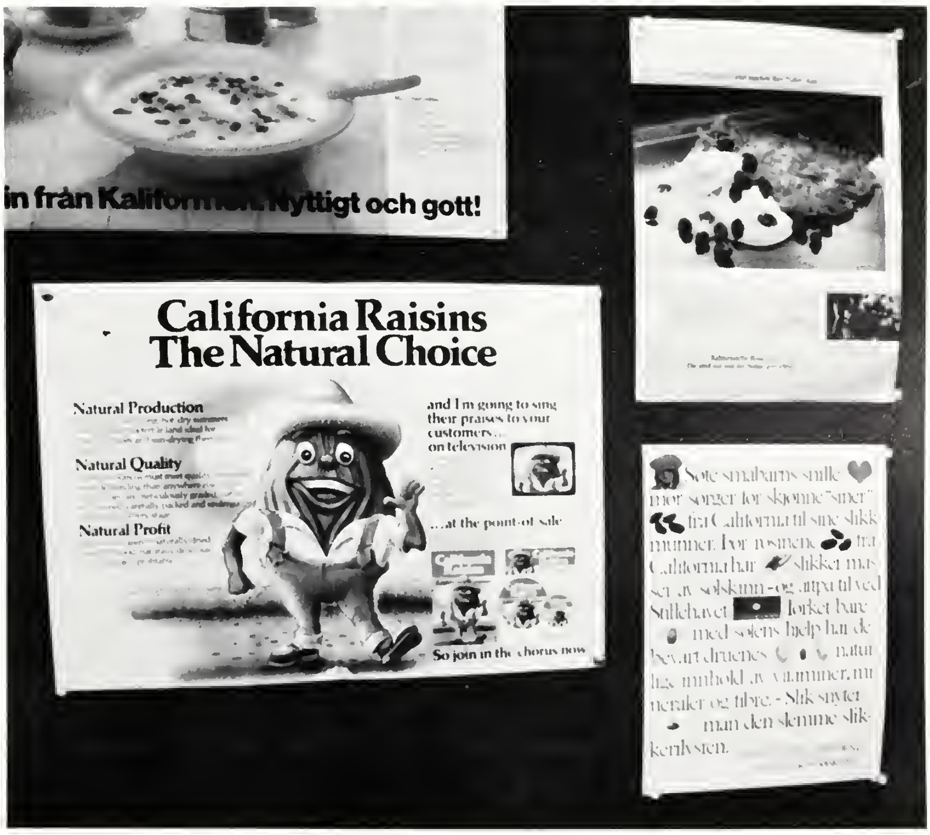
Exporters interested in selling raisins to Thailand may wish to contact the following companies.

Trade Development Ltd., Part.
817 Anake-Areeya Building
Soi Kanjana (Indra Trade Center)
Phayathai, Bangkok 10400, THAILAND
Tel. 252-7679, 252-3082, 251-2247
Cable: TRADEMEN BKK
Contact: Mr. Chan Phadhana-Anake

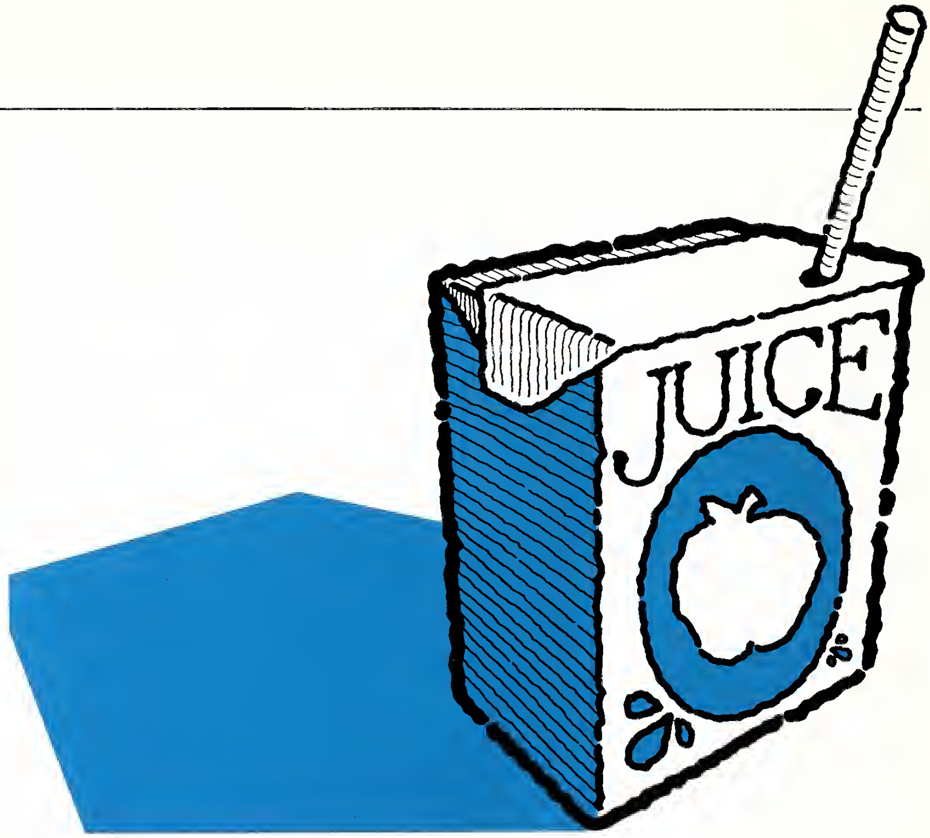
Saha Vara Co., Ltd.
20-230 Cin Siam Nivas
Asoke Dindaeng Road
Bangkok 10310, THAILAND
Tel. 245-0845, 245-2271, 245-8226
Contact: Mr. Santhad Ninvaraskul

Leo Trading Company, Ltd.
281/9 Ekamai Road
Bangkok 10110, THAILAND
Tel. 391-6474
CABLE: 84023 SCCS BKK
Contact: Mr. Phipat Sundravorakul

The author is an FAS agricultural specialist in Bangkok. Tel. (011-66-2) 252-5040.



Malaysian Beverage Market Far From Quenched



By Frank Tarrant

The competition in Malaysia will be keen, but U.S. exporters of beverage ingredients can look forward to an annual growth rate of 5-10 percent over the next several years. U.S. exporters captured roughly a third of the import market in 1983, with sales reaching $6.6 million.

The growing market for ingredients like fruit concentrates and flavorings is the result of Malaysia's burgeoning beverage industry, elivened by a healthy economy, stable government and relatively high and growing per capita income level.

Because most Malaysian nonalcoholic beverages other than coffee and tea are made largely from sugar, artificial colors and flavors, the lion's share of potential U.S. beverage ingredient exports, will remain in the beverage base and flavoring categories.

The market is a very competitive one, and Malaysian beverage manufacturers are always looking for new product ideas. The greatest interest may be in joint ventures with established U.S. soft drink companies that are willing to build a market in this area.

There is also a growing market for pure juices in consumer packs from the United States. Their price, however, is beyond the means of most consumers. If exporters hope to expand the market, cheaper packaging should be considered.

Historically, carbonated drinks have dominated the Malaysian market; however, growth has slowed in recent years. These drinks are manufactured from imported drink bases, artificial and natural flavors and limited quantities of natural fruit juices. The United States is the leading supplier of soft drink bases.

The noncarbonated drink market has been expanding more rapidly. The local industry is divided into fruit juices and drinks and oriental drinks.

The juice/drink distinction is not a clear one in Malaysia. With the exception of consumer-ready imports from the United States, almost all fruit juices marketed in Malaysia contain far less than 100 percent juice and substantial amounts of added sugar.

Juice drinks which dominate the noncarbonated market are generally those which contain little if any real fruit juice. However, there has been growth in demand for better quality juices which contain more natural fruit juice.

Orange juice is the most important of the imported fruit juices. Concentrate is imported in drums at 65-degree brix, mainly from the United States. Malaysians prefer a relatively bland orange juice—a major international food processor recently learned that lesson when it failed in its attempt to introduce a slightly bitter orange juice.

The mass market for fruit juices, particularly the oriental types, is in 250-milliliter asceptic cartons. "Upmarket" juices, such as the better quality orange, mango and apple juices, are also sold in 1-liter cartons.

Some better quality orange juice and a number of cheaper fruit drinks are sold in 2-liter plastic jugs and bottles.

Asceptic cartons have been especially popular because they lend themselves to easy storage and handling as well as being convenient for consumers. Juice and drinks sold in this manner can be stored up to six months without significant loss of flavor or nutritive value.

Despite the initial wave of enthusiasm for juices and drinks packed in asceptic cartons, popularity has begun to wave a little. These cartons now command about 30 percent of the market as compared to 40 percent five years ago. The decrease in usage is probably due to the emergence of nonreturnable, lightweight plastic bottles.

Currently, pure U.S. juices are usually imported in glass containers, which makes the cost prohibitive for most consumers. Asceptic cartons or innovative plastic containers would probably be more appropriate.

With better package design and the proper promotional support, some new-to-market juice products could find a small but profitable niche in the Malaysian market. ■

The author is U.S. agricultural attache in Kuala Lumpur.

Country Briefs

China

Meat Research Center Under Construction

Construction is reportedly underway on an 8,000-square-meter research complex which will focus on processing and distribution of meat-based foods and on the training of Chinese technicians in the meat processing industry. The complex is a cooperative project between China and Japan, and is due to be completed by March 1986.

The center, the first of its kind, demonstrates the commitment China has made in the development of its livestock and food processing sectors. China consumed 15.25 million metric tons of meat-based foods in 1984, an increase of nearly a tenth over the year before. However, the supply of such foods still falls short of demand, and increasing incomes and the popularity of convenience and processed foods likely will increase the demand for processed meat products and related technology. — *Norman R. Kallemeyn, Agricultural Counselor, Beijing.*

Japan

Demand for Imported Vinegar Grows

Over 99 percent of Japan's vinegar is produced domestically, but the market for imported vinegar is expanding with Japan's growing interest in gourmet foods. Total Japanese imports have doubled since 1977 from 226,000 to 481,000 liters. However, imports from the United States have fallen slightly during this period as European vinegar has become more price competitive. Most of the vinegar produced in Japan is made from grain. It is the demand for imported wine, cider and herb-flavored vinegar that is growing.

Irregular U.S. supplies also account for part of the decline in U.S. exports. When U.S. supplies are tight, U.S. vinegar is sometimes unavailable in the Japanese market, and Japanese customers are forced to switch to other sources of supply.

Vinegar from Spain is very price competitive with U.S. vinegar and its market share has increased accordingly. Although French vinegar remains more expensive than U.S. vinegar, imports are expanding. France is now supplying several varieties of attractively packaged flavored vinegar with sprigs of herbs in the bottle. — *William L. Davis, Agricultural Counselor, Tokyo.*

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